

105TH CONGRESS  
1ST SESSION

# S. 1366

To amend the Internal Revenue Code of 1986 to eliminate the 10 percent floor for deductible disaster losses.

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IN THE SENATE OF THE UNITED STATES

NOVEMBER 4, 1997

Mr. KERREY (for himself and Mr. CONRAD) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to eliminate the 10 percent floor for deductible disaster losses.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. ELIMINATION OF 10 PERCENT FLOOR FOR DE-**  
4       **DUCTIBLE DISASTER LOSSES.**

5       (a) GENERAL RULE.—Section 165(h)(2)(A) of the  
6 Internal Revenue Code of 1986 (relating to net casualty  
7 loss allowed only to the extent it exceeds 10 percent of  
8 adjusted gross income) is amended by striking clauses (i)  
9 and (ii) and inserting the following new clauses:

1 “(i) the amount of the personal cas-  
2 ualty gains for the taxable year,

3 “(ii) the amount of the federally de-  
4 clared disaster losses for the taxable year  
5 (or, if lesser, the net casualty loss), plus

6 “(iii) the portion of the net casualty  
7 loss which is not deductible under clause  
8 (ii) but only to the extent such portion ex-  
9 ceeds 10 percent of the adjusted gross in-  
10 come of the individual.

11 For purposes of the preceding sentence, the  
12 term ‘net casualty loss’ means the excess of  
13 personal casualty losses for the taxable year  
14 over personal casualty gains.”.

15 (b) FEDERALLY DECLARED DISASTER LOSS DE-  
16 FINED.—Section 165(h)(3) of such Code (defining per-  
17 sonal casualty gain and personal casualty loss) is amend-  
18 ed—

19 (1) by adding at the end the following new sub-  
20 paragraph:

21 “(C) FEDERALLY DECLARED DISASTER  
22 LOSS.—

23 “(i) IN GENERAL.—The term ‘feder-  
24 ally declared disaster loss’ means any per-  
25 sonal casualty loss attributable to a disas-

1           ter occurring during 1997 in an area sub-  
 2           sequently determined by the President of  
 3           the United States to warrant assistance by  
 4           the Federal Government under the Robert  
 5           T. Stafford Disaster Relief and Emergency  
 6           Assistance Act.

7           “(ii) DOLLAR LIMITATION.—Such  
 8           term shall not include personal casualty  
 9           losses to the extent such losses exceed  
 10          \$10,000 for the taxable year.”, and

11          (2) by striking “OF PERSONAL CASUALTY GAIN  
 12          AND PERSONAL CASUALTY LOSS” in the heading.

13          (c) CONFORMING AMENDMENT.—The heading for  
 14          section 165(h)(2) of such Code is amended by striking  
 15          “NET CASUALTY LOSS” and inserting “NET NONDISASTER  
 16          CASUALTY LOSS”.

17          (d) EFFECTIVE DATE.—The amendments made by  
 18          this section shall apply to losses attributable to disasters  
 19          occurring after December 31, 1996, including for purposes  
 20          of determining the portion of such losses allowable in tax-  
 21          able years ending before such date pursuant to an election  
 22          under section 165(i) of the Internal Revenue Code of  
 23          1986.

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